



STEVEN L. BESHEAR  
GOVERNOR

EXECUTIVE ORDER

RECEIVED AND FILED  
DATE June 12, 2009  
2:06 pm

TREY GRAYSON  
SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY  
BY R. Adler

Secretary of State  
Frankfort  
Kentucky

2009-538  
June 12, 2009

**RELATING TO THE CREATION AND ORGANIZATION OF  
THE ENERGY AND ENVIRONMENT CABINET**

**WHEREAS**, the 2009 Regular Session of the Kentucky General Assembly failed to ratify Executive Order No. 2008-531; and

**WHEREAS**, the Environmental and Public Protection Cabinet performed valuable services for the Commonwealth of Kentucky relating to the development of energy solutions and strategies and the protection of the Commonwealth's environment and natural resources through its Department for Natural Resources and its Department for Environmental Protection; and

**WHEREAS**, improved efficiency and economy will result from establishing organizational entities that manage problems effectively and share some administrative services; and

**WHEREAS**, the necessary and effective performance of those functions of the Environmental and Public Protection Cabinet's Department for Natural Resources and its Department for Environmental Protection for the citizens of the Commonwealth of Kentucky will be enhanced by establishing a new cabinet to administer these functions;

**NOW THEREFORE**, I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, under the authority vested in me by the Kentucky Constitution, Sections 69 and 81, and Kentucky Revised Statutes 12.028, do hereby Order and Direct the following:

- I. The Energy and Environment Cabinet is hereby created and established and shall be headed by a secretary appointed by the Governor pursuant to KRS 12.255. The secretary shall be responsible for making changes to the departments, divisions and organizational units within the newly created Cabinet.
- II. The Office of the Secretary is hereby established and shall be headed by the secretary of the cabinet, which shall be composed of the following organizational structure:



**STEVEN L. BESHEAR**  
**GOVERNOR**

**EXECUTIVE ORDER**

**Secretary of State**  
Frankfort  
Kentucky

**2009-538**  
**June 12, 2009**

- A) The Office of Legislative and Intergovernmental Affairs is hereby established and shall be headed by an executive director appointed by the secretary with the approval of the Governor pursuant to KRS 12.050.
- B) The Office of Administrative Hearings is hereby established and shall be headed by an executive director appointed by the secretary with the approval of the Governor pursuant to KRS 12.050.
- C) The Office of General Counsel is hereby established and shall be headed by a general counsel appointed by the secretary with the approval of the Governor in accordance with KRS 12.050 and 12.210. It shall be composed of the following organizational structure:
  - 1) The Environmental Protection Legal Division is hereby established and shall be headed by a director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050 and 12.210.
- III. The Kentucky Mine Safety Review Commission is hereby established and attached for administrative purposes. The members are appointed by the Governor with the consent of the General Assembly under KRS 351.1041. A general counsel is appointed by the secretary with the approval of the Governor in accordance with KRS 351.1041, 12.050 and 12.210.
- IV. The Kentucky State Nature Preserves Commission is hereby established and shall be attached for administrative purposes. It will be headed by a director appointed by the Commission with the approval of the Governor in accordance with KRS 146.430.
- V. The Kentucky Environmental Quality Commission is hereby established and shall be attached for administrative purposes. It shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050.
- VI. The Kentucky Public Service Commission is hereby established and shall be attached for administrative purposes. The Commission shall be headed by an executive director appointed by the Commission in accordance with KRS 278.100. The Commission shall be composed of the following organizational structure:
  - A) The Division of General Counsel which shall be headed by a director appointed by the executive director in accordance with KRS 278.110.
  - B) The Division of Engineering which shall be headed by a director appointed by the executive director in accordance with KRS 278.110.
  - C) The Division of Financial Analysis which shall be headed by a director appointed by the executive director in accordance with KRS 278.110.



**STEVEN L. BESHEAR**  
**GOVERNOR**

**EXECUTIVE ORDER**

**Secretary of State**  
Frankfort  
Kentucky

**2009-538**  
**June 12, 2009**

- D) The Division of Consumer Services which shall be headed by a director appointed by the executive director in accordance with KRS 278.110.
- E) The Division of Filings which shall be headed by a director appointed by the executive director in accordance with KRS 278.110.
- VII. The Department for Environmental Protection is hereby established and shall be headed by a commissioner appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. It shall be composed of the following organizational structure:
  - A) The Division of Water which shall be headed by a director.
  - B) The Division for Air Quality which shall be headed by a director.
  - C) The Division of Waste Management, which shall be headed by a director.
  - D) The Division of Enforcement which shall be headed by a director.
  - E) The Division of Compliance Assistance which shall be headed by a director.
  - F) The Division of Environmental Program Support which shall be headed by a director.
- VIII. The Department for Natural Resources is established and shall be headed by a commissioner appointed by the Secretary with the approval of the Governor in accordance with KRS 12.050. It shall be composed of the following organizational structure:
  - A) The Division of Forestry which shall be headed by a director.
  - B) The Division of Mine Permits which shall be headed by a director.
  - C) The Division of Conservation which shall be headed by a director appointed by the secretary with the approval of the Soil and Water Conservation Commission in accordance with KRS 146.100.
  - D) The Division of Abandoned Mine Lands which shall be headed by a director.
  - E) The Division of Mine Reclamation and Enforcement which shall be headed by a director.
  - F) The Office of Mine Safety and Licensing which shall be headed by an executive director appointed by the Secretary with the approval of the Governor in accordance with KRS 12.050 and 351.060 and shall be composed of the following organizational structure:



**STEVEN L. BESHEAR**  
**GOVERNOR**

**EXECUTIVE ORDER**

**Secretary of State**  
Frankfort  
Kentucky

**2009-538**  
**June 12, 2009**

- 1) The Division of Safety Inspection and Licensing which shall be headed by a director.
  - 2) The Division of Safety Analysis Training and Certification which shall be headed by a director.
  - 3) The Kentucky Mining Board which shall be attached for administrative purposes and whose seven members are appointed by the Governor in accordance with KRS 351.105.
- G) The Division of Oil and Gas which shall be headed by a director.
- H) The Division of Technical and Administrative Support which shall be headed by a director.
- IX. The Department for Energy Development and Independence is hereby established and shall be headed by a commissioner appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The department shall be composed of the following organizational structure:
- A) The Division of Efficiency and Conservation which shall be headed by a director.
  - B) The Division of Renewable Energy which shall be headed by a director.
  - C) The Division of Biofuels which shall be headed by a director.
  - D) The Division of Energy Generation Transmission and Distribution which shall be headed by a director.
  - E) The Division of Carbon Management which shall be headed by a director.
  - F) The Division of Fossil Energy Development which shall be headed by a director.
- X. The Governor's Office for Energy Policy established in KRS 152.712 and Executive Order 2007-503 is hereby abolished. All files, functions, responsibilities, records, equipment and staff are transferred to the Department for Energy Development and Independence.
- XI. The Energy and Environment Cabinet, the Office of the State Budget Director, the Personnel Cabinet and the Finance and Administration Cabinet shall take all steps necessary to effectuate this order.



STEVEN L. BESHEAR  
GOVERNOR

OFFICE OF THE GOVERNOR

Secretary of State  
Franklin  
Nashville

2009-538  
June 12, 2009

  
STEVEN L. BESHEAR, GOVERNOR  
Commonwealth of Kentucky

  
TREY GRAYSON  
Secretary of State

## **REORGANIZATION PLAN**

### **I. INTRODUCTION**

This plan is part of an overall reorganization of the Environmental and Public Protection Cabinet (EPPC) that was originally proposed in Executive Order 2008-531, which went into effect June 16, 2008; however, the Kentucky General Assembly failed to ratify the executive order during the 2009 Regular Session. The proposed plan follows Executive Order 2008-531 in that it abolishes the EPPC and creates three new cabinets: the Energy and Environment Cabinet, the Public Protection Cabinet, and the Labor Cabinet. As originally proposed in Executive Order 2008-531, in order to operate as efficiently as possible and conserve state resources, all three cabinets will share some of the administrative and legal services that had been provided in EPPC. The Labor Cabinet and the Public Protection Cabinet will be the primary providers of these shared services. This shared services concept could eventually serve as a model for the rest of state government. Changes from Executive Order 2008-531 are noted in this plan.

The creation of the Energy and Environment Cabinet will allow a more efficient and effective use of state resources in critical areas of environmental protection, mine safety, natural resources management, and energy policy development. Under the previous structure, the environmental and natural resources programs were part of a larger cabinet (the EPPC) that contained many disparate programs with widely different missions. This reorganization will be revenue-neutral, and no employees will be adversely affected.

## **II. SUMMARY OF PLAN**

EPPC will be abolished to create the Energy and Environment Cabinet, the Public Protection Cabinet, and the Labor Cabinet. The majority of the EPPC's organizational entities will be transferred to the new cabinets where they will fit programmatically. The Energy and Environment Cabinet will consist of three departments (again, this follows the original proposal under Executive Order 2008-531): the Department for Environmental Protection; the Department for Natural Resources; and the Department for Energy Development and Independence. The Department for Energy Development, unlike the other two departments, does not exist under the EPPC structure. Rather, it assumes the roles and responsibilities of the Governor's Office of Energy Policy. With the creation of the Department for Energy Development and Independence, the state's energy programs are elevated to cabinet level to help the state achieve its energy development and energy security goals.

The structure will eliminate unnecessary levels of management created by the 2003-2004 reorganization (which consolidated three cabinets into one) and will allow managers in the three new cabinets to concentrate limited resources on frontline programmatic activities and focus on issues and policies relevant to their respective agencies. These proposed changes will improve accountability and will enhance the services provided to the citizens of the Commonwealth. The savings realized from these changes will more than offset any costs incurred as a result of the creation of three new cabinets. The new cabinets will share some administrative and legal services that will be implemented through memoranda of agreement. As noted, these shared services will help to save costs that would otherwise result from the creation of three cabinets.

There will be three departments in the new EEC: the Department for Environmental Protection and Department for Natural Resources (both of which existed in the EPPC), and the newly created Department for Energy Development and Independence. Each department will be headed by a commissioner.

The Department for Natural Resources and the Department for Environmental Protection will have similar, but not identical, organizational structures to those they had under EPPC. Proposed changes to each department will improve organizational efficiency and will help to integrate their programs with the programs of the new Department for Energy Development and Independence.

An Office of General Administration and Program Support for Shared Services (GAPS Shared Services) and an Office of Inspector General for Shared Services (OIG Shared Services), which will be attached to the Labor Cabinet for administrative purposes only, will be shared among three new cabinets.

Several boards and commissions attached to the EPPC as specified in KRS 224.10-.020(4)(a) and KRS 224.10-.022 will be attached for administrative purposes to agencies within EEC, as appropriate. The Kentucky Nature Preserves Commission, the Kentucky Environmental Quality Commission, the Mine Safety Review Commission, and the Public Service Commission (all attached to the EPPC prior to Executive Order 2008-531) will be attached for administrative purposes to the Office of the Secretary within EEC. The Kentucky Mining Board, whose seven members are appointed by the Governor in accordance with KRS 351.105, will remain attached for administrative purposes to the Office of Mine Safety and Licensing that is in the Department for Natural Resources. All of these entities are more appropriately attached to the EEC as they have



responsibilities related to natural resources, mine safety, energy, and the environment.

### **III. ESTABLISHMENT OF THE ENERGY AND ENVIRONMENT CABINET**

The following is a detailed description of the organizational structures for the offices and departments in the EEC:

#### **A. EEC Office of the Secretary:**

A secretary appointed by the Governor pursuant to KRS 12.255 heads the Energy and Environment Cabinet. Except where otherwise indicated, the secretary shall have exclusive control and direction over all duties, functions, and responsibilities previously exercised by the secretary of the EPPC over the Department for Natural Resources and the Department for Environmental Protection. Additionally, the secretary of the EPPC shall have control and direction over the duties, functions, and responsibilities previously exercised by the executive director and Office of the Governor over the Governor's Office of Energy Policy (functions and duties that have been rolled into the Department for Energy Development and Independence).

Any costs incurred as a result of the reorganization and the creation of the EEC will be more than offset by the savings realized by eliminating management positions from the former EPPC that are no longer necessary, streamlining organizational structures, and sharing services.

#### **B. Shared Services:**

The EEC will share some administrative and legal services with the regulatory agencies that will be in the Public Protection Cabinet and the Labor Cabinet (this shared services concept had also been proposed under Executive Order 2008-531). General,

federal, and restricted agency funds will support the shared services operations, which will be provided through detailed memoranda of agreement executed after the reorganization is effective. General Administration and Program Support Shared Services (“GAPS Shared Services”) and Office of Inspector General Shared Services (“OIG Shared Services”) will be attached to the Labor Cabinet and used by each of the three cabinets that will be created through this reorganization.

GAPS Shared Services and OIG Shared Services will operate essentially the same as the Office of Administrative and Information Services (“OAIS”) and Office of Inspector General (“OIG”), respectively, in EPPC. Wherever feasible, administrative services provided at the department level in EPPC will be consolidated with the other duties performed in GAPS Shared Services. No additional costs will be incurred in either GAPS Shared Services or OIG Shared Services as a result of this reorganization.

**1. Office of General Administration and Program Support for Shared Services:**

GAPS Shared Services in the Labor Cabinet will perform certain administrative functions that OAIS in EPPC now performs, such as fiscal, payroll, budget, and personnel, on behalf of the EEC. GAPS Shared Services will also include an information technology management component. These services will only be shared and funded between the Energy and Environment Cabinet and the Public Protection Cabinet.

**2. Office of the Inspector General for Shared Services:**

The Office of the Inspector General for Shared Services attached to the Labor Cabinet will continue with the same personnel, functions, and duties as the Office of Inspector General in EPPC. The office will be headed by an executive director and will

have one branch, the Executive and Criminal Investigations Branch, with two sections: the Criminal Investigations Section and the Executive Support Section. This is the same structure under which OIG in EPPC operates.

### **3. Office of Communications and Public Outreach:**

The Public Protection Cabinet will include an Office of Communications and Public Outreach to handle its media affairs and public relations, and to be available to provide these services to the Energy and Environment Cabinet and Labor Cabinet as requested. The Office, headed by an executive director who reports to the secretary of the Cabinet, will transfer intact from the current Office of Communications and Public Outreach in EPPC, with the exception of one employee who assists with the state's adventure tourism initiatives and will do so from the Energy and Environment Cabinet after the reorganization takes effect.

### **4. Legal Services:**

In the 2003-2004 reorganization, all legal services for the EPPC regulatory agencies were combined into one office within the cabinet. This reorganization (as was also proposed under Executive Order 2008-531) will separate that legal staff among the new cabinets, based on their service to the various client agencies; however, the reorganization will retain the current organizational entities, not create any new supervisory positions, and avoid any promotions or increases in employee salaries. Moreover, in order to avoid duplicating services and to conserve resources across the three cabinets, the Public Protection Cabinet will provide some legal services to other regulatory agencies in the Energy and Environment Cabinet and the Labor Cabinet through memoranda of agreement. The attorneys in the Office of Legal Services for the

Public Protection Cabinet will be available to perform general legal services, such as representation in personnel, board of claims, and civil rights actions, for the Energy and Environment Cabinet and the Labor Cabinet.

Additionally, this reorganization (as with the reorganization proposed under Executive Order 2008-531) will eliminate a section and a branch currently in the EPPC Office of Legal Services, and allocate those personnel to either the Public Protection Cabinet or the Energy and Environment Cabinet, depending primarily on the new location of the client programs that they currently serve.

All functions, personnel, funds, equipment, facilities, and records for the EPPC Office of Legal Services and its General Legal Services Branch will be transferred to the Public Protection Cabinet and assigned to the Office of Legal Services. The functions, personnel, funds, equipment, facilities, and records for the Administrative Support Section in EPPC will be distributed between the Public Protection Cabinet and the Energy and Environment Cabinet, with two employees moving to the Office of Legal Services in the Public Protection Cabinet and six moving to various entities within the Energy and Environment Cabinet. This action will eliminate the need for a separate Administrative Support Section for the legal counsel in any of the three cabinets. Last, one employee currently in the EPPC Office of Legislative and Intergovernmental Affairs will move to the Office of Legal Services in the Public Protection Cabinet. That change will allocate EPPC's services in that area among the three new cabinets, and enable the Office of Legal Services to provide regulatory review and related policy-oriented services to all three new cabinets.

**C. Office of General Counsel for the EEC:**

The EEC will establish within the Office of the Secretary an Office of General Counsel, which will include the EPPC's Natural Resources Legal Division. Natural Resources Litigation Sections 1 and 2 will be established within the Office and each section will be headed by a staff attorney who reports to the general counsel. An Office of General Counsel for Environmental Protection will be established in the Office of General Counsel. It will include the duties, functions, and responsibilities of the EPPC's Environmental Protection Legal Division. The Office of General Counsel for Environmental Protection will have the water, air quality, and waste management legal sections, each headed by a staff attorney who reports to the general counsel for environmental protection.

All duties, functions, responsibilities, records, equipment, staff, and budgets of the EPPC's Natural Resources Legal Division and Environmental Protection Legal Division will be transferred to the Office of General Counsel and the Office of General Counsel for Environmental Protection, respectively.

**D. Office of Legislative and Intergovernmental Affairs:**

The Office of Legislative and Intergovernmental Affairs will be created in the EEC and will be headed by an executive director. The executive director serves as the legislative liaison for the cabinet and reports to the cabinet secretary. It is important that the EEC have an office dedicated to legislative activities given the volume and complexity of proposed statutory changes to energy, natural resources, and environmental programs in any given session of the Kentucky General Assembly. Additionally, the environmental and natural resources regulatory agencies generate a large volume of

constituent services issues that can be addressed more effectively and with more accountability through a dedicated legislative office.

**E. Office of Administrative Hearings**

The Office of Administrative Hearings will be transferred from the EPPC to the EEC. The Office is headed by an executive director who reports to the cabinet secretary and contains two sections, the Hearings Section and the Docket Coordination Section, each headed by a supervisor. The structure and personnel within the Office of Administrative Hearings do not change upon the Office's transfer to EEC.

**F. Kentucky Nature Preserves Commission, Environmental Quality Commission, and Public Service Commission**

The following three commissions will be transferred from the EPPC and attached administratively to the EEC Office of the Secretary: The Kentucky Nature Preserves Commission, the Environmental Quality Commission, and the Public Service Commission. All three commissions will retain their existing structure and staffing levels, and the same proposal was in Executive Order 2009-531. Attaching the PSC to the EEC Office of the Secretary for administrative purposes will allow open lines of communication regarding issues of strategic importance to Kentucky's future, while ensuring the commission retains its necessary independence.

**G. The Mine Safety Review Commission**

The Mine Safety Review Commission, will transfer from the EPPC to the EEC, where it will be attached to the Office of the Secretary for administrative purposes. The secretary of the EEC will appoint a general counsel to the Commission. Attaching the Mine Safety Review Commission to the EEC is appropriate because the EEC has responsibility for enforcing the state's mine safety laws and regulations.

**H. Department for Energy Development and Independence**

The reorganization, in keeping with the reorganization proposed under Executive Order 2008-531, establishes the Department for Energy Development and Independence within the EEC. This reorganization proposes a different structure at the division level, however, than the one proposed under Executive Order 2008-531. The department will be headed by a commissioner and will contain the following divisions: The Division of Efficiency and Conservation; the Division of Renewable Energy; the Division of Biofuels; the Division of Energy Generation Transmission and Distribution; the Division of Carbon Management; and the Division of Fossil Energy Development. All divisions will be headed by a director.

The Division of Oil and Gas, which was proposed to be moved to the Department for Energy Development and Independence from the Department for Natural Resources under Executive Order 2008-531, will remain with DNR under this proposed plan. Changes in the Division of Oil and Gas include establishment of a Permit Review and Compliance Branch (which contains two sections) and the abolishment of the Hazard Branch.

While many of the energy program areas and responsibilities of existing agencies in state government will be transferred to the Department for Energy Development and Independence, the creation of this Department represents a significant departure from the current structure. The new Department will bring necessary emphasis to energy issues and policies and include programs that are not adequately addressed in any existing units of state government.

The new Department will include all the duties, responsibilities, records, equipment, staff and budgets of the existing Governor's Office of Energy Policy; however, these responsibilities and duties will not be in one organizational unit in the new Department and existing divisions within the GOEP (per Executive Order 2007-503) will not be retained. Included among the duties that will be carried out within new divisions in the new cabinet is the state's administration of the federal State Energy Program, which receives funding from the U.S. Department of Energy. Also included in the new Department will be the functions related to technical review of projects seeking funding under the state's Incentives for Energy Independence Act (House Bill 1, 2007 Second Extraordinary Session of the Kentucky General Assembly, KRS 152.712).

The Governor's Office of Energy Policy was established by HB 1 from the 2007 Second Extraordinary Session of the General Assembly (KRS 152.712 and KRS 12.023). HB 1 also abolished the Office of Energy Policy in the Commerce Cabinet (KRS 12.020). Prior to its establishment as a unit attached to the Governor's Office, the Office of Energy Policy was created in the Commerce Cabinet. Executive Order 2007-503 establishing the Governor's Office of Energy Policy and its three divisions, and abolishing the Office of Energy Policy in the Commerce Cabinet, was not ratified.



Executive Order 2007-503 also established the Kentucky Gas Pipeline Authority and the Utility Savings Council within the Governor's Office of Energy Policy. The Kentucky Gas Pipeline Authority (KRS 353.752) will remain in the Finance Cabinet. Under this reorganization, the Utility Savings Council will not be established because the goals and mission of the council will be absorbed by the advisory committee that is to be established in the Finance Cabinet pursuant to HB 2 from the 2008 regular session of the General Assembly.

**K. The Department for Environmental Protection**

The Department for Environmental Protection in the Energy and Environment Cabinet will have some differences compared to its existing structure in the EPPC (however, there are no changes from Executive Order 2008-531). The Department's reorganization will improve its ability to fulfill its state and federal mandates of protecting human health and the environment. A new Division of Environmental Program Support will be created in order to consolidate internal support functions for the department. These functions include administrative functions, analytical laboratory services, and Emergency Response Team coordination. This structure will allow the Department for Environmental Protection to more effectively account for time and program costs that may be charged to federal grants in the future. The new structure will also allow the Department to accommodate any organizational changes in the future to make use of federal grant funding.

The Division of Environmental Program Support will be headed by a Director who will report to the Commissioner of the department. The reorganization will involve

the transfer of employees and/or positions into a new organizational unit. All employees transferred will maintain their same classification and pay grade, and no new cap positions are being added.

Other existing divisions within the EPPC's Department for Environmental Protection will transfer to the Department for Environmental Protection within EEC. These divisions include the Division of Waste Management, the Division of Water, the Division for Air Quality, the Division of Enforcement, and the Division of Compliance Assistance. The Division of Waste Management and the Division of Water have proposed changes. These changes will allow the divisions to address more efficiently the complex issues associated with their respective mandates. The proposed changes will improve managerial and administrative efficiency by reducing administrative groups (i.e., branches and sections) and by redirecting resources to programmatic priorities and needs, organizational priorities, and process improvements.

**L. The Department for Natural Resources**

The Department for Natural Resources in the EEC will retain, for the most part, the same structure as it has in the EPPC. The Office of Technical and Administrative Services will be made into a division and the Division of Explosives and Blasting, which is in the Office of Mine Safety and Licensing, will be made into a branch and transferred to the Division of Mine Reclamation and Enforcement (these changes were part of Executive Order 2008-531; however, this proposed plan abolishes the Pikeville Branch, Enforcement Sec. VI). In addition, the Division of Investigations within the Office of Mine Safety and Licensing will be eliminated. The staff members in that division will report directly to the executive director of the Office. These changes will improve

managerial efficiency and will result in cost savings: one executive director position will be eliminated and two division director positions will be eliminated.

The Division of Mine Permits, has the following changes: (a) The Information Systems Support Branch, Workflow and Imaging Support, is to be renamed the Application Support and Development Section; (b) the Information Systems Support Branch, Surface Mining Information Systems, is to be abolished; (c) the Permit Systems and Program Support Branch, Ownership and Control Compliance Review Sections I & II are to be abolished, with an Ownership and Control Section to be established; (d) the Permit Systems and Program Support Branch, Records Management Section, is to be abolished and the Administrative Compliance and Support Section to be established.

All other functions, personnel, funds, equipment, facilities, and records of the EPPC Department for Natural Resources will be transferred to the new cabinet. The Department is headed by a commissioner who reports to the cabinet secretary.

#### **IV. FISCAL IMPACT**

All current year and future budgeted appropriations and allotments for all organizational units and programs proposed to be within or attached to the new EEC will be assigned to the new cabinet on the effective date of the reorganization, June 16, 2009. Additionally, cash balances in the current fiscal year for restricted agency funds, general funds, escrow accounts, and off-budget accounts will be transferred from EPPC and GOEP to the Energy and Environment Cabinet. All functions, personnel, funds, equipment, facilities, and records related to the new organizational units and programs will be transferred from EPPC and GOEP to the EEC.

This reorganization is anticipated to be revenue-neutral. Although new positions will be created within the new EEC, the savings that will be realized elsewhere as a result of the reorganization (for example, the savings anticipated by eliminating superfluous layers of management within the existing EPPC) are anticipated to offset the costs associated with creating the new cabinet.

## **V. PERSONNEL IMPACT**

There will be no lay-off as a result of the reorganization. Unnecessary, vacant management positions will be abolished, and current employees in organizational units associated with the Department for Environmental Protection, Department for Natural Resources, and the Governor's Office of Energy Policy will be transferred to the EEC. Most employees will have the same or similar duties and responsibilities to the ones they had in the EPPC and GOEP. However, some responsibilities and duties may change to support the mission and goals of the new cabinet.

The regulatory and programmatic agencies within EEC will continue to perform associated duties with existing staff. The EEC will share some administrative and legal services with other regulatory agencies such as the Public Protection Cabinet and the Labor Cabinet.

## **VI. NET BENEFIT**

The overall effect of abolishing the Environmental and Public Protection Cabinet and establishing the EEC will enhance the services provided to regulated community and energy-related sectors in Kentucky. Moreover, by implementing a shared services program, the Commonwealth will create a unique organization that will save even more

funds and eliminate unnecessary bureaucracy, thereby allowing agencies to concentrate resources on frontline programmatic activities.